



Appropriations Update

Committee on the Budget • Majority Caucus
U.S. House of Representatives
Jim Nussle, *Chairman*

309 Cannon House Office Building
Washington, DC 20515 • (202) 226-7270
James T. Bates, *Chief of Staff* • www.budget.house.gov

Volume 6, No. 9

20 June 2006

FISCAL YEAR 2007 DEPARTMENT OF DEFENSE APPROPRIATIONS BILL – H.R. 5631

SUMMARY

The Department Defense appropriations bill reported to the House on 16 June 2006 (H.R. 5631; H.Rept. 109-504) provides the majority of national defense funding called for in the fiscal year 2007 budget resolution.

The bill also employs, for the second year in a row, the special Exemption for Overseas Contingency Operations – the budget resolution’s means of anticipating costs for continuing operations in Afghanistan and Iraq. Although these contingency funds are reflected in the bill’s totals, they are not counted for enforcement purposes (see further discussion below).

Overall, the measure provides new budget authority equaling the suballocation to the Appropriations Subcommittee on Defense. Hence, the bill is consistent with the appropriate levels in the fiscal year 2007 budget resolution (H. Con. Res. 376) and complies with applicable provisions of the Congressional Budget Act. It also complies with other budget resolution provisions, such as those governing advance appropriations and emergency designations.

This is the ninth of 11 appropriations bills for the forthcoming fiscal year to be considered by the full House.

COST OF THE LEGISLATION

The bill provides a total of \$427.3 billion in new budget authority [BA], and \$428 billion in outlays for 2007.

Of these amounts, the bill fully funds the President’s request for \$50 billion in BA for so-called “bridge funding” (with \$34.8 billion of 2007 outlays) for the global war on terrorism. Section 402 of the budget resolution accommodates the request with an Exemption of Overseas Contingency Operations. Hence, this BA not is counted for enforcement purposes and the amounts comparable to the prior year are \$377.4 billion in BA and \$393.6 in outlays

(see Table 1), reflecting an increase of \$19 billion, or 5.3 percent, in BA (excluding emergency funding). The bill is below the President’s budget request by \$4 billion in budget authority, and \$2.6 billion in outlays. Three-fourths of this decrease is related to Operation and Maintenance with the rest in Personnel and Procurement.

The cost of the legislation is offset by rescinding \$824 million in BA, which results in \$159 million in outlay savings. Two-thirds of those rescissions are related to Procurement; the remainder to research.

Table 1: Department of Defense^a
(fiscal years; millions of dollars)

	2006 Spending	Administration 2007	302 (b) for 2007	Bill
Budget Authority	358,349	381,358	377,357	377,357
Outlays	397,425	395,923	393,165	393,550

^a Excludes appropriations designated under the Exemption of Overseas Contingency Operations.

(continued on next page)

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and may not reflect the views of all the committee’s members.

COMPLIANCE WITH THE BUDGET RESOLUTION

By virtue of a rule adopted on 18 May 2006, the House-passed budget resolution (H.Con.Res. 376) was ratified as effective for enforcement of the Congressional Budget Act. The Appropriations Committee under section 302(b) of the Budget Act has submitted suballocations to its subcommittees (H.Rept. 109-488) that sum to the \$873-billion discretionary level in the budget resolution.

The BA provided by the bill is equal to the 302(b) suballocation to the Subcommittee on Defense. Accordingly, the bill is complies with Budget Act provisions that prohibit the consideration of appropriations measures in excess of their suballocations. Outlays exceed the suballocation by \$385 million, but that does not give rise to a violation of the Budget Act. In fact, this excess results

from the 2007 outlays attributable to a provision of the recently enacted supplemental that, because of a drafting error, did not receive the emergency designation.

Correcting the drafting error in this bill technically violates section 306 of the Budget Act, because the retroactive designation of a section in the recently enacted supplemental lies with the Budget Committee’s jurisdiction. Due to the merely technical nature of the violation, the Budget Committee Chairman did not object to waiving the point of order against consideration that would lie against the bill.

Finally, the bill contains neither advance appropriations – appropriations for fiscal years beyond the budget year – nor changes in mandatory programs.

Table 2: Discretionary Spending in the Department Defense Appropriations Bill
(in millions of dollars)

	2006 Budget Authority	2006 Outlays	2007 Budget Authority	2007 Outlays	Difference BA	Difference Outlays
Military Personnel	93,795	93,963	96,146	93,226	2,351	-737
Operation and Maintenance	114,650	142,904	120,542	133,346	5,892	-9,558
Procurement	76,242	86,318	82,525	89,528	6,283	3,210
Research, Development, Test, & Evaluation	70,976	69,486	75,045	73,147	4,069	3,661
Revolving and Management Funds	2,221	3,544	2,436	2,774	215	-770
Allowances	50	800	64	934	14	134
Trust Funds	0	3	0	0	0	-3
International Reconstruction and Other Assistance	0	26	0	9	0	-17
Department of Justice	36	35	39	38	3	3
Intelligence Community Management Account	379	346	558	546	179	200
Department of Interior	0	0	2	2	2	2
Total	358,349	397,425	377,357	393,550	19,008	-3,875

^b Excludes appropriations designated under the Exemption of Overseas Contingency Operations.

DISCUSSION

As noted, the bill provides \$377.4 billion in discretionary BA (excluding the contingency funds) to the Department of Defense [DoD]. This is an increase of \$19 billion, or 5.3 percent, in BA from the 2006 enacted level (see Table 2 above), but \$4 billion below the administration request. The reduction occurs because the subcommittee’s 302(b) allocation is below the request. This makes room for the funding of non-defense discretionary programs in the Labor, Health and Human Services, and Education, and Related

Agencies appropriations bill at a rate higher than requested by the President.

The bill also provides \$558 million in discretionary BA to the Intelligence Community Management Account [ICMA], a significant increase of \$179 million, 47.2 percent, from 2006 levels. This expansion of this account primarily funds the infrastructure and personnel required to support the newly created Director of National Intelligence.

(continued on next page)

In a manner similar to the Defense appropriations bill for fiscal year 2006, this bill includes a Title IX that provides \$50 billion for ongoing operations in Iraq and Afghanistan, and is intended to act as a bridge between spring supplementals. The vast majority of these funds (\$33.2 million or 77 percent) are for Operations and Maintenance with the rest being split between Military Personnel and Procurement accounts.

The fiscal year 2006 Defense Appropriations Bill enacted the same level of spending in a title IX (\$50 billion) as is in this bill. Unlike the prior year, however, the fiscal year 2007 bill does not include funds for Research, Development, Test, and Evaluation. Similarly, the fiscal year 2007 bill has \$2.4 billion less for procurement than did the fiscal year 2006 enacted title.

As noted, the President sought \$50 billion in emergency-designated BA for the global war on terrorism for 2007.

Because no details accompanied the request for this funding, it is impossible to compare the bill to the President's request with certainty, but it is clear that title IX includes funds that the President requested as non-emergency. Specifically, funding of Army modularity and Operation Noble Eagle are a part of title IX whereas the President included these programs as part of his regular non-emergency request.

The Defense Department BA in this bill – plus the amounts for the DOD in the House-passed 2007 Military Quality of Life, Veterans Affairs, and Related Agencies appropriations bill (\$58.1 billion) – achieve a combined total of \$434.8 billion, excluding emergency and contingency funds.